

September 29, 2012

Cochise County Board of Equalization
1415 Melody Lane, Building G
Bisbee AZ 85635

RE: Recommended Decision of Hearing Officer in Appeal on Parcel No.
107-78-094 B (Appellant: Delta Properties, LLP)

After conducting a Hearing on the appeal of the Notice of Value for the above parcel, it is my recommended decision that the following values be established:

FCV: \$7,071,369.00

LPV: \$7,071,369.00

The basis for my decision is as follows: At the hearing the Appellant presented four hotel sales in Sierra Vista, Benson and Tucson. Three of the four sales took place in 2012, after the valuation date of Jan. 1, 2012 and may not be considered until the next tax year. In response the Assessor presented one sale comparable in Sierra Vista and very close to the subject property, The Sun Canyon Inn. In addition, the Assessor cited three equity comps. The sale of the Sun Canyon Inn appears to be the strongest indicator of the value of the subject since the two hotels are older and were built about the same time. Although the equity comps are much newer, their values appear to support the Assessor's recommended values. The Assessor also valued the subject using the income approach. Rather than use stabilized data the Assessor accepted all of the income and expense information submitted by the Appellant, except 2012 data. The Assessor was not able to consider income and expense information after the Jan. 1, 2012 valuation date. The Assessor's income analysis indicates a value much higher than the market approach, \$8,743,275. The business problems, including dependence on the bookings from Fort Huachuca, which appear to be declining in the past year, cannot be considered for this year's appeal, but may be considered for next tax year. The evidence clearly supports the Assessor's recommended values, and those values should be approved.

Thank you,

James Riley, Hearing Officer